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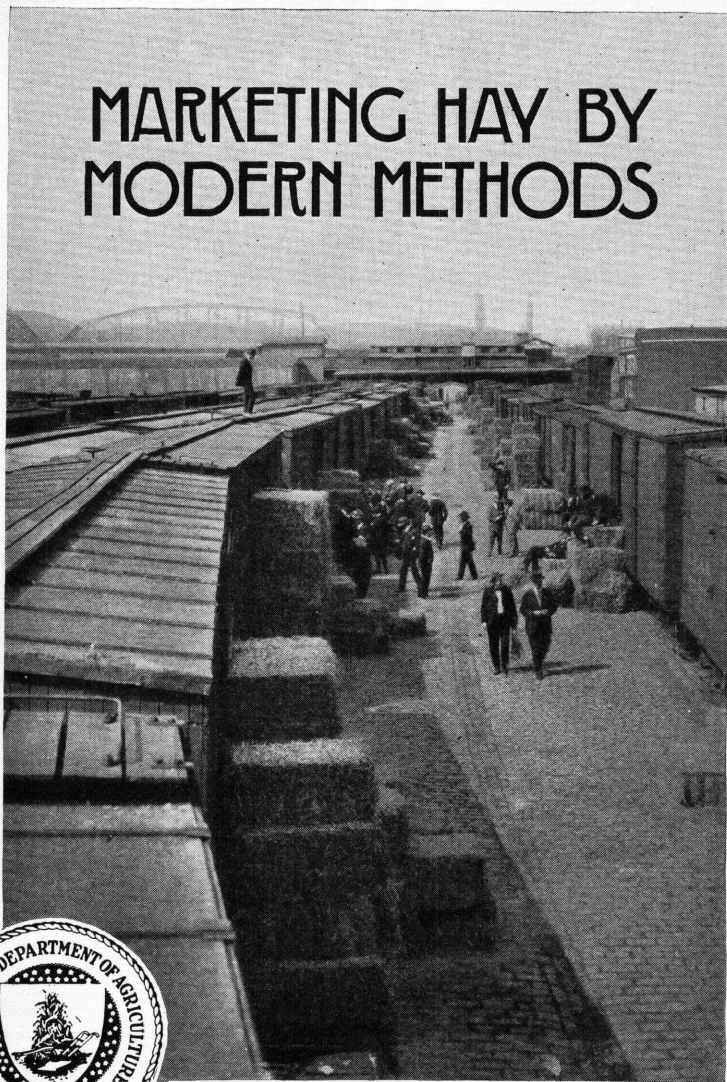
MAY 25 1933

U. S. Department of Agriculture

# U. S. DEPARTMENT OF AGRICULTURE

FARMERS' BULLETIN No. 1700

## MARKETING HAY BY MODERN METHODS



## TEN MARKETING SUGGESTIONS FOR HAY SHIPPERS

- (1) **C**HOOOSE the method best suited to your particular needs and use sound business practices.
- (2) When consigning hay select markets that have a broad, steady demand.
- (3) Choose responsible commission merchants to handle your hay at terminal markets.
- (4) When selling directly to wholesalers or consumers make certain of the buyer's financial responsibility and reliability.
- (5) Consult available market reports about location of supplies, deficit areas, and current prices in deciding where and when to sell hay.
- (6) Avoid indefinite terms and careless methods when offering hay for sale.
- (7) Send buyer a written confirmation of sale, stating all terms clearly.
- (8) Follow buyer's billing instructions closely.
- (9) Prepare invoices carefully and forward them promptly.
- (10) Keep complete records to provide adequate proof of loss or damage when claims must be made.

This bulletin supersedes Farmers' Bulletin 1265, Business Methods of Marketing Hay.

Washington, D. C.

Issued April, 1933

# MARKETING HAY BY MODERN METHODS

By G. A. COLLIER, *Senior Marketing Specialist, Division of Hay, Feed, and Seed, Bureau of Agricultural Economics*

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**M**ODERN BUSINESS methods are as essential in selling and shipping hay as in any other business, and growers and shippers should adopt efficient and proved methods in marketing their hay. Success depends largely upon the shippers' knowledge of the character of hay in best demand at the various markets, and the methods of sale, weighing and inspection prevailing at different points, and upon a definite understanding of all terms and conditions of each transaction. This bulletin describes the principal methods of marketing hay, explains the most commonly used trade terms, and suggests certain marketing aids to hay growers and shippers.

## METHODS OF MARKETING

There are two important methods of marketing hay—the consignment method and the straight-sales method. The consignment method consists in shipping to a broker or commission merchant who will act as the shipper's representative in selling the hay in the market in which he is located; usually the representative sells at the price prevailing when the hay arrives. Under the straight-sales method a shipper sells his hay at a fixed price, either at loading point or at destination, for shipment or for delivery at or within a specified time upon certain designated terms.

Neither of these methods is the better one to use at all times. The one that is the more advantageous one week may be less profitable the next week. It is to a shipper's advantage to learn in advance as much as possible about the merits of each, and then to obtain all the good current information that will help him to decide for each shipment which method to use.

## CONSIGNMENT METHOD

### SELECTING A MARKET

Selecting a market to which to consign hay, and choosing a marketing agency there, are among the most important problems in marketing. Distance to market, character of demand, preference



for certain kinds of hay and certain types of bales, methods of weighing and grading, methods of sale, and the integrity and financial responsibility of dealers, must all be considered if the most profitable returns are to be obtained.

Distance to the various markets is first to be considered. Other things being equal, the market to which the lowest freight rate applies should be chosen. Other things are not always equal, however, and some may be so important as to outweigh the higher freight charge to a more distant market.

Usually it is the best policy to consign only to those markets that have a broad, general demand sufficient to absorb large quantities of different kinds and grades of hay. Although advantageous sales can frequently be made at the smaller markets, the current demand

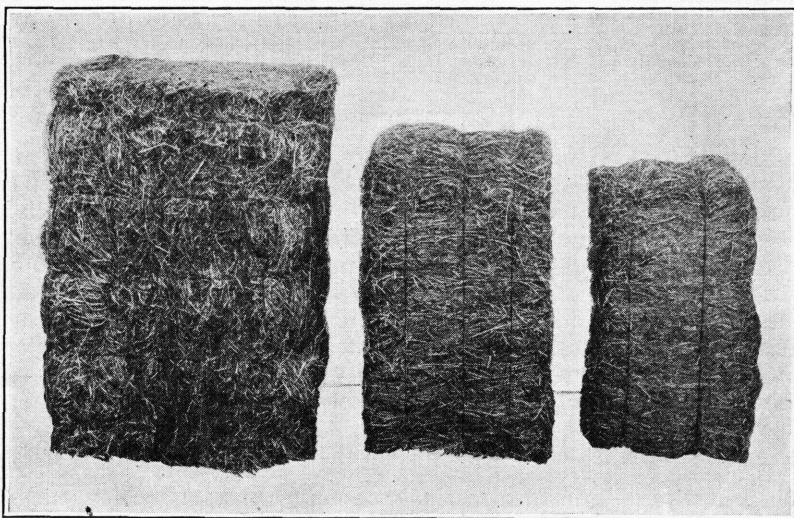


FIGURE 1.—Relative sizes of the large 5-wire, the 17 by 22 inch, and the 14 by 16 inch bales

for spot hay in these markets is generally so small that a few cars of consigned hay may mean a glut. Even the larger markets can normally handle only a certain quantity of hay without seriously depressing the price. Points that have storage warehouses are likely to have a steadier market than those that depend upon irregular daily arrivals of hay.

Shippers should pay especial attention to the size and weight of bales preferred in any given market and should cater to that preference when making consigned shipments to it. Hay in bales of undesired size or weight is usually discounted by the buyers. Preferences differ in the different markets, so the type of bale that brings a premium in one market may be severely discounted in another. It is the buyer's preference rather than the shipper's that prevails.

In general, New England and other eastern markets prefer large 5 or 6 wire bales weighing from 175 to 215 pounds. Southeastern, southern, and southwestern markets prefer small 2 or 3 wire bales



weighing from 75 to 100 pounds and ranging in size from 14 by 16 inches to 17 by 22 inches by about 36 to 48 inches in length. In the central-western markets the 14 by 16 inch and the 17 by 22 inch bale are both generally used. On the Pacific coast, the medium-sized 3-wire bale is preferred in the Portland, Seattle, and Los Angeles trade areas, but the large 5-wire bale is given preference at San Francisco. (Fig. 1.)

Since weighing and inspection fees are usually charged to the shipper, he is directly interested in the method employed and in the degree of economy with which these services are administered. The shipper should insist that only accurate weighing methods which will furnish correct weights be used and that enough information be taken to provide bases for proper claims in case of loss. If charges are made for the weighing service, the shipper should

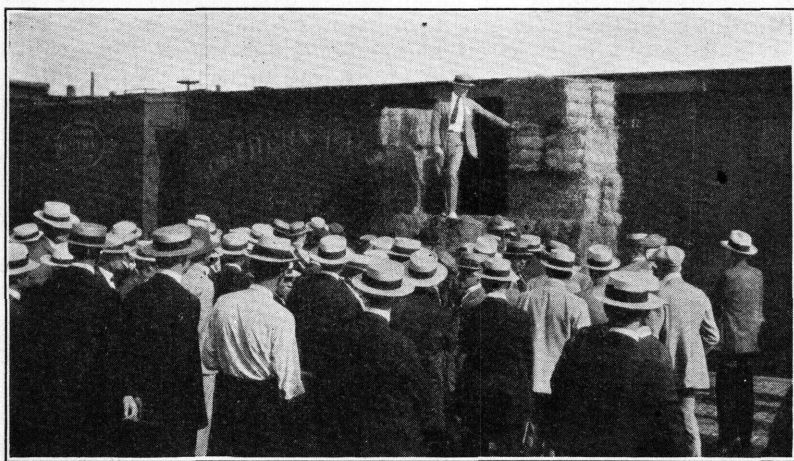


FIGURE 2.—Selling hay by the "plug" method

demand official weight certificates that state the number of bales unloaded and the total weight of the hay.

The shipper is entitled to an official inspection certificate if a Federal, State, or trade inspection service is maintained at a market. The certificate should state the grade or grades and the quantity of hay covered by each grade designation. If an entire car is not inspected the certificate should state just what part has been inspected and graded. Charges should be based upon the services rendered and should not include other operating expenses of the market.

There are almost as many methods of selling hay as there are markets, but three, the "warehouse," "car-door," and "plug" methods are in most general use. The warehouse method consists in selling the hay at railroad or public warehouses after it has been unloaded from cars. The car-door method is employed where hay is sold from the track in railroad yards, the sale being made at the car door. "Plug" sales are made in special railroad yards from a sample, or plug, consisting usually of 20 to 30 bales which have been removed from the car and piled on the ground or on a platform beside the car. (Fig. 2.)

Each method has its advantages and disadvantages. Each shipper should know which one is used in the market to which he is shipping and what service is rendered for the charges assessed. He can then determine which method is best suited to his particular marketing problem.

#### CHOOSING A COMMISSION MERCHANT

Profitable returns from consignments depend to a great extent upon the ability and reliability of the shipper's representative at the market. Only those representatives who can demonstrate their ability as conscientious and trained salesmen and their knowledge of the needs of the market and the responsibility and financial standing of the buyers should be employed. Their services may entail a relatively high first cost but will probably be economical in the end.

Where trade organizations or exchanges exist, membership (which requires certain desirable qualifications) is some indication of reliability, but there are many reliable men outside of such organizations who will render efficient service. Before making consignments, shippers should obtain from banks or commercial-rating agencies satisfactory recommendations concerning commission merchants to whom they expect to entrust the marketing of their hay.

#### STRAIGHT-SALE METHOD

The producer or shipper who prefers not to consign his hay can usually sell it outright at some available market. There are also dealers in consuming sections or shippers and track buyers at convenient points in producing areas who will almost always buy at current market prices.

#### HOW TO SELECT BUYERS

In the larger markets, lists of responsible dealers or buyers can usually be obtained from trade organizations such as chambers of commerce, hay exchanges, and boards of trade. Such organizations usually do not guarantee the reliability of the firms or individuals whose names they furnish, but the fact of membership is of some importance.

In smaller markets and at interior consuming points it is more difficult to obtain the names of hay buyers. However, many railroads have for free distribution lists of dealers in agricultural commodities located on their lines; State and national hay-trade organizations will usually furnish lists of their members in the various States; and trade journals frequently have similar lists for sale at nominal prices. State and Federal departments of agriculture will furnish a limited number of names from lists on file in their marketing divisions.

Usually these agencies do not guarantee the reliability of the buyers whose names they furnish, nor do they take any further responsibility; therefore, a shipper should make further inquiry about a prospective customer's financial rating and business integrity. Generally the local banker will obtain this information if the shipper does not have access to records of commercial-rating agencies. Shippers should beware of those buyers who depart to any great extent from sound and conservative business methods.

## HOLDING THE TRADE

Holding the trade of desirable customers is important to the shipper and is not so expensive as obtaining new customers. A clear understanding of the terms of sale (including quality and quantity of hay sold, time of shipment, and settlement terms) is probably the most important factor in mutually satisfactory trade relations. The shipper must furnish the quality of hay wanted by the buyer and specified in the terms of sale.

The spirit as well as the letter of the contract should be observed. For instance, a rise in the market price between time of sale and time of shipment should not cause the shipper to furnish a lower quality of hay than is called for in the contract; a decline in the market after a sale has been made should not cause the shipper to load cars to their maximum capacity when he is aware that the buyer wants only small or medium-sized carloads. When arrival-draft terms are specified, sight drafts should not be made.

## TRADE RULES

More care in making clear the terms of the transaction and in making certain that both buyer and seller have the same understanding of these terms, would prevent many of the difficulties between shippers and buyers which sometimes result in severing business relations.

There are a few general and practical rules which, if followed, will tend to eliminate many misunderstandings between buyers and sellers. These are:

(1) When buying or selling hay, offering hay for sale, or bidding for hay, all contingent terms should be clearly stated. These include quantity; quality, as expressed by class and grade; place of inspection or point at which grades apply; time of shipment or delivery; routing; the price and where, or when, it applies; and terms of payment.

(2) All trades should be confirmed the same day by letter. Confirmation should state clearly all terms and conditions pertaining to the sale or purchase. Any apparent discrepancy between the confirmation and the understanding of either the buyer or the seller as to the terms upon which the trade was made should immediately be corrected by telegraph or telephone before shipment is made, if possible.

(3) Reliability and financial responsibility of the other party to the transaction should be ascertained by both the seller and the purchaser.

## STATEMENT OF TERMS

Great care should be taken in stating terms when making bids and offers or when buying or selling. The extensive use of telephone or telegraph in such transactions makes brevity necessary but a few cents more spent to make telegrams or telephone messages clear and definite will yield good returns. The important items or terms should be included in bids or offers and in purchase or sale contracts, whether made by telegraph, telephone, or letter.

## QUANTITY

Quantity may be stated in car lots, tons, or bales. In many instances the size and type of bale should be specified, as some buyers have decided preferences.



## QUALITY

The use of descriptive terms as quality specifications, is generally unsatisfactory because of the different interpretations placed upon such descriptions. A definite standard expressed by class and grade is much better. Such a standard for the various kinds of hay is provided through the United States grades for timothy, clover, alfalfa, prairie, Johnson grass, grain hay, soybean hay, and grass hays and their mixtures. United States standards for timothy and clover are specific as to the various factors that determine the class and quality of these hays, including mixture, color, and foreign material. The grade specifications for alfalfa include definite limitations for leafiness and are so arranged that buyers can indicate, by grade designation alone, their preference as to leafiness and color. The Federal grades for other kinds of market hay are equally definite and comprehensive and provide a satisfactory basis for trading, particularly between buyers and sellers who are located some distance apart. Full information on the United States grades can be obtained from the Bureau of Agricultural Economics, United States Department of Agriculture.

State or commercial grades are used as official grades for some markets that have not yet adopted Federal standards. These State or commercial grades, although usually less definite than those formulated by the United States Department of Agriculture, provide a much better trading basis than do descriptive terms of quality; they should be used when for any reason the use of Federal grades is not practicable, but there should always be a definite understanding between buyer and seller as to the standards or grades upon which any transaction is based.

## INSPECTION

It is essential that both seller and buyer clearly understand when, where, and how the hay is to be inspected. If hay is offered and sold on shipping-point inspection, and if the grades determined by such inspection are to apply, the shipper should so state in his offer or terms of sale. If inspection is to be made at destination or at some market en route where inspection is available, the fact should be stated.

## TIME OF SHIPMENT

The time at or within which shipment or delivery is to be made should be stated clearly and in definite terms (such as 5 days, 10 days, or 30 days) with a clear indication of whether the statement relates to time within which the shipment is to be made, or time within which the delivery to the buyer is to be made.

## ROUTING

It is important that all shipments be routed in accordance with terms of sale or subsequent orders from buyers unless such orders are not in accord with original contract. The name of the railroad upon which shipment or delivery can be made, or is to be made, should be stated in shipper's offer of sale or buyer's bid, when possible. If, for any reason, the terms of the offer or the buyer's instructions in regard to routing or railroad delivery can not be complied with, shipment should be held until satisfactory adjustments are made.

## PRICE, WHERE AND WHEN IT APPLIES

The price included in a quotation bid or offer should be stated clearly, also the unit to which it applies and the point at which it applies (that is, whether it is an f. o. b. or a "delivered" price). When making an offer of sale, the length of time for which the offer holds good should be indicated, and whether its acceptance by the buyer is subject to confirmation of the shipper.

## TERMS OF PAYMENT

Unless buyer and seller, through previous correspondence or transactions, have reached a definite understanding on terms of settlement, such terms should be stated in the original articles. There should also be a definite understanding as to which party is to pay the exchange charges on drafts, the weighing and inspection charges, and other marketing costs. Sellers usually draw drafts against shipments for a part or all of the invoice price, but it is customary among buyers in some sections to pay drafts only on arrival of the hay, whereas other buyers will pay sight drafts on presentation, if accompanied with proper supporting documents, including bill of lading and weight and inspection certificates. Federal inspection certificates are the most satisfactory for this purpose as they state definitely the class and grade of the hay and are issued by an impartial agency.

## SUGGESTED FORMS FOR TELEGRAMS FOR OFFERING HAY OR REQUESTING OFFERS

(The names here used are fictitious)

*Offer on destination terms*

STUART, NEBR., JANUARY 1, 1932.

JAMES JOHNSON,  
139 NORTH CLARK STREET,  
CHICAGO, ILL.

OFFER PROMPT SHIPMENT SUBJECT CONFIRMATION TWELVE TONS MEDIUM BALES U S NO TWO UPLAND FIFTEEN DOLLARS TON DELIVERED CHICAGO VIA C & Y W ARRIVAL DRAFT WEIGHTS AND FEDERAL INSPECTION CHICAGO.

(SIGNED) ROY ROBERTS.

*Acceptance of offer on destination terms*

CHICAGO, ILL., JANUARY 1, 1932.

ROY ROBERTS,  
STUART, NEBR.

ACCEPT OFFER PROMPT SHIPMENT TWELVE TONS MEDIUM BALES U S NO TWO UPLAND FIFTEEN DOLLARS TON DELIVERED CHICAGO C & Y W ARRIVAL DRAFT WEIGHTS AND FEDERAL INSPECTION CHICAGO FINAL.

(SIGNED) JAMES JOHNSON.

*Offer on shipper's terms*

ARTESIA, NEW MEX., JANUARY 1, 1932.

FRANK FOSTER,  
SAN ANTONIO, TEX.

OFFER SHIPMENT WITHIN FIFTEEN DAYS VIA S P FIFTY TONS SMALL BALES U S NO ONE ALFALFA TEN DOLLARS TON F O B ARTESIA SIGHT DRAFT FEDERAL INSPECTION ARTESIA CERTIFICATE ATTACHED B/L SHIPPERS WEIGHTS.

(SIGNED) WALTER WATKINS.

*Offer delivered on destination terms*

LANSING, MICH., JANUARY 1, 1932.

JOHN JONES,  
35 PINE STREET,  
ATLANTA, GA.OFFER IMMEDIATE SHIPMENT IMMEDIATE ACCEPTANCE THREE  
CAPACITY CARS U S NO ONE TIMOTHY LIGHT GRASS MIXED  
MEDIUM BALES TWENTY DOLLARS TON ARRIVAL DRAFT DE-  
LIVERED ATLANTA VIA SOUTHERN DESTINATION WEIGHTS AND  
FEDERAL INSPECTION.

(SIGNED) RALPH RANKIN.

*Bid to country shippers from terminal market buyers*

KANSAS CITY, MO., JANUARY 1, 1932.

HENRY HANSON,  
LAMAR, COLO.OFFER FIFTEEN DOLLARS TON F O B LAMAR ANY PART TEN  
CARS U S NO ONE EXTRA LEAFY ALFALFA MEDIUM BALES SHIP-  
MENT WITHIN THIRTY DAYS SHIPPERS WEIGHTS GUARANTEED  
FEDERAL INSPECTION KANSAS CITY ARRIVAL DRAFT SUBJECT  
CONFIRMATION BY WIRE.

(SIGNED) HAROLD HOWARD.

Telegrams may be shortened by using code words. In the follow-  
ing suggested telegram, code words as given in Robinson's telegraphic  
code book have been substituted for several terms in the telegram  
next above.

KANSAS CITY, MO., JANUARY 1, 1932.

HENRY HANSON,  
LAMAR, COLO.OFFER LIABLE MISCHANCE ANY PART AFRAID GRADATION  
EXTRA LEAFY ACCOMPLICE POLICE SHIPPERS WEIGHTS GUAR-  
ANTEED FEDERAL INSPECTION KANSAS CITY ARRIVAL DRAFT  
MANAKIN.

(SIGNED) HAROLD HOWARD.

**CONFIRMATION LETTER**

When a bid has been accepted and a sale consummated, either by  
letter or wire, a confirmation letter setting forth in detail all the  
terms and conditions of the transaction should be mailed by each  
party to the other. If, upon receipt of these confirmations, either  
party notes any item that is contrary to his understanding of the  
terms, he should immediately notify the other by telegraph, so that  
all errors may be corrected before shipment is made. If the hay was  
ready for shipment when the sale was made, however, it may not be  
possible for the shipper to wait for a written confirmation of the  
acceptance of the buyer. In that case he should telegraph the buyer,  
confirming the terms of his original offer and his understanding of  
the acceptance.

**LIVING UP TO THE TERMS**

The seller's responsibility does not end when he has made the sale.  
Filling the order is a further responsibility. Hay intended for  
market should be sorted carefully before loading and only hay of  
uniform quality should be loaded in each car. This applies to hay  
consigned to a market, as well as to outright sales. When consigned  
shipments containing different qualities of hay are offered in the  
markets, buyers tend to base their bids on the lowest quality rather  
than on the highest or on the average quality of the lot.

The bales should be stored in the car in tiers and loaded from each end toward the middle, so they can be readily taken out for inspection, or unloaded, without breakage and subsequent loss. The tiers should be arranged in such a way as to utilize all the space. (Fig. 3.)

Offering "split" or mixed cars in effect narrows the demand in the market, as many buyers who can use only a certain class or grade of hay will not buy cars in which part of the hay is of a quality not suitable. When scarcity of the quality they need compels such buyers to take these split cars they usually do so only at heavy price discounts for the parts not suited to their requirements.

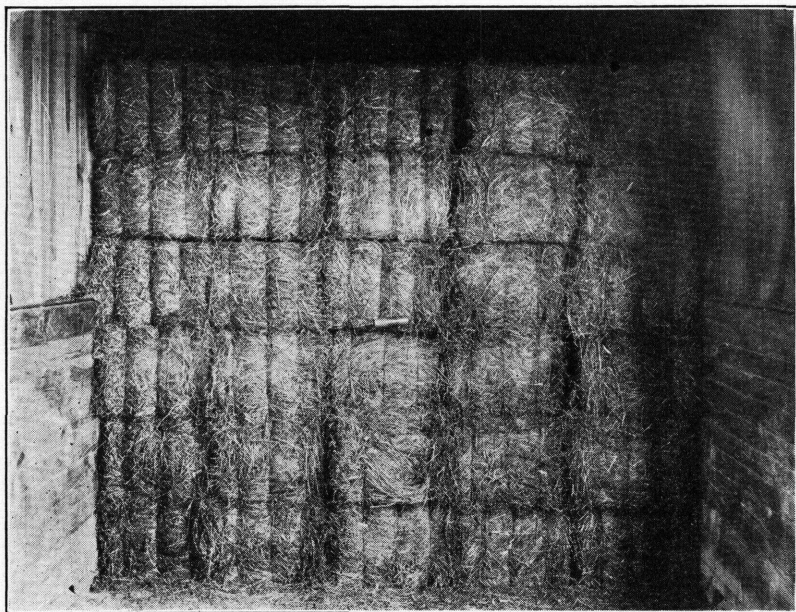


FIGURE 3.—Bales should be arranged in tiers in such a way as to utilize all the space

Shippers should load only the class and grade of hay called for in their contracts. If Federal or other inspection service is available; an inspector's certificate that will definitely indicate the class and grade of hay can be obtained. If no inspection is available at the point of shipment, shippers can readily familiarize themselves with the Federal standards by studying the Handbook of Official Hay Standards, and other information published by the United States Department of Agriculture. Information on State and commercial grades can be obtained from State inspection departments and from the trade associations. (Figs. 4 and 5 show types of Federal inspection certificates.)

When it is impossible to inspect the entire contents of a car of hay a partial inspection certificate (fig. 4) can be obtained, covering such part of the lot as can be seen by the inspector either at the car door or after the car has been "plugged." The value of the partial inspection certificate depends upon the uniformity of the



quality of the hay in the car. The complete inspection certificate (fig. 5) is the most satisfactory certificate for marketing purposes, since it covers the entire lot and leaves no doubt about the quality of any part of the shipment.

Form HFS-681

UNITED STATES DEPARTMENT OF AGRICULTURE  
BUREAU OF AGRICULTURAL ECONOMICS

No. 1080

*Kansas City, Mo.*

ORIGINAL

## PARTIAL INSPECTION CERTIFICATE

I certify that I made a partial inspection, on the date below, of the following lot of hay and that the class, quality, and condition of the part inspected were as stated below:

Located at A. T. & S. F. Team Tracks Date Feb. 29, 1932  
Amount Carlot Identification A. T. & S. F. 26482  
Part inspected 40 Bales in plug and car  
Grade and class of part inspected U. S. No. 2 Timothy

Fees \$1.50 Hay Shipper John Doe Inspector.  
Charges — Total \$1.50

This certificate is issued in compliance with the regulations of the Secretary of Agriculture governing the inspection of hay pursuant to the Act making appropriations for the U. S. Department of Agriculture, and is receivable in all courts of the United States as prima facie evidence of the truth of the statements therein contained. This certificate does not excuse failure to comply with any of the regulatory laws enforced by the United States Department of Agriculture.

FIGURE 4.—Partial inspection certificate issued by Federal inspector

Inability of the shipper to obtain hay of the quality which he agreed to ship is not a valid excuse for shipping a lower grade in the hope that the buyer will accept it or with the expectation of making some price adjustment when the shipment arrives. Such

Form HFS-663

UNITED STATES DEPARTMENT OF AGRICULTURE  
BUREAU OF AGRICULTURAL ECONOMICS

No. 1240

*Kansas City, Mo.*

ORIGINAL

## COMPLETE INSPECTION CERTIFICATE

I certify that I inspected, on the date below, the following lot of hay and that the class, quality, and condition thereof were as stated below:

Located at Union Pacific Team Track Date Feb. 29, 1932  
Amount Carlot Identification Habash 42948  
Grade and class 60% U. S. No. 1 Alfalfa  
40% U. S. No. 2 Alfalfa

Fees \$1.50 Hay Shipper John Doe Inspector.  
Charges — Total \$1.50

This certificate is issued in compliance with the regulations of the Secretary of Agriculture governing the inspection of hay pursuant to the Act making appropriations for the U. S. Department of Agriculture, and is receivable in all courts of the United States as prima facie evidence of the truth of the statements therein contained. This certificate does not excuse failure to comply with any of the regulatory laws enforced by the United States Department of Agriculture.

FIGURE 5.—Complete inspection certificate issued by Federal inspector

practices almost invariably cause shippers heavy financial losses and usually mean the loss of customers. When weather conditions or other causes have lowered the quality of the hay with which a shipper had expected to fill his sales contract, or have delayed shipment beyond the time agreed upon, the shipper should advise the buyer

immediately, and seek an extension of time or such adjustment of the original contract as will enable him to fulfill it.

Buyers also assume definite responsibility when placing orders. They should not contract for more than they can handle nor demand grades of hay that are not generally available. Buyers should realize that supplies of United States No. 1 or other top grades of hay are sometimes limited. United States No. 2 hay of the various classes is good market hay suitable for many feeding requirements. Buyers should familiarize themselves with the various grades and should use definite class and grade names when ordering hay. In most instances this will insure more satisfactory quality than if the orders are by description which may be more or less indefinite.

#### WHEN AND WHERE TO SELL

No definite time at which a producer or shipper can sell his hay most advantageously can be set, because many factors must be considered, and some of these have different values to different shippers. Some growers bale and sell their hay as soon as it is harvested because they need funds or because they do not have proper storage facilities. Others place their hay in stacks for a short time, then bale and sell it in the late fall or early winter before it has suffered any serious weather damage. Need of money for buying winter supplies causes many growers to sell their hay about the 1st of December.

Some farmers place their hay in barns or storage sheds at harvesting time, either loose or baled, and let it remain there until they consider the market situation most favorable for disposing of it. Some growers sell just before the next season's harvest begins. Growers and shippers who bale and store their hay possess one distinct advantage in having hay available for immediate sale or shipment at times when market prices are most favorable, because storms, bad road conditions, or severely cold weather have occasioned light offerings. To profit by such conditions, shippers must have their hay stored near railroad sidings or loading points or where it is readily available to local feeders who are in urgent need.

Prices of hay are influenced by current supply and demand, but also show rather definite seasonal trends. Statistics compiled by the Bureau of Agricultural Economics show that prices for timothy and prairie hay average higher during May or June, and alfalfa prices average higher during the period from December through April. (Fig. 6.) Receipts are an important market factor, and variations in arrivals of hay (fig. 7) frequently cause sharp price changes. Hay prices are usually highest in the months just before the new crop begins to come upon the market. No definite figures on carrying costs, including interest and insurance, nor on the amount of shrinkage for which allowance must be made, are available. However, the spread in the average prices prevailing during the various months is hardly enough to warrant a general statement that April or May is always the best month in which to sell hay.

There are wide price fluctuations within periods of high prices and periods of low prices during which varying quantities of hay are sold, and often there are wide fluctuations within a single year.

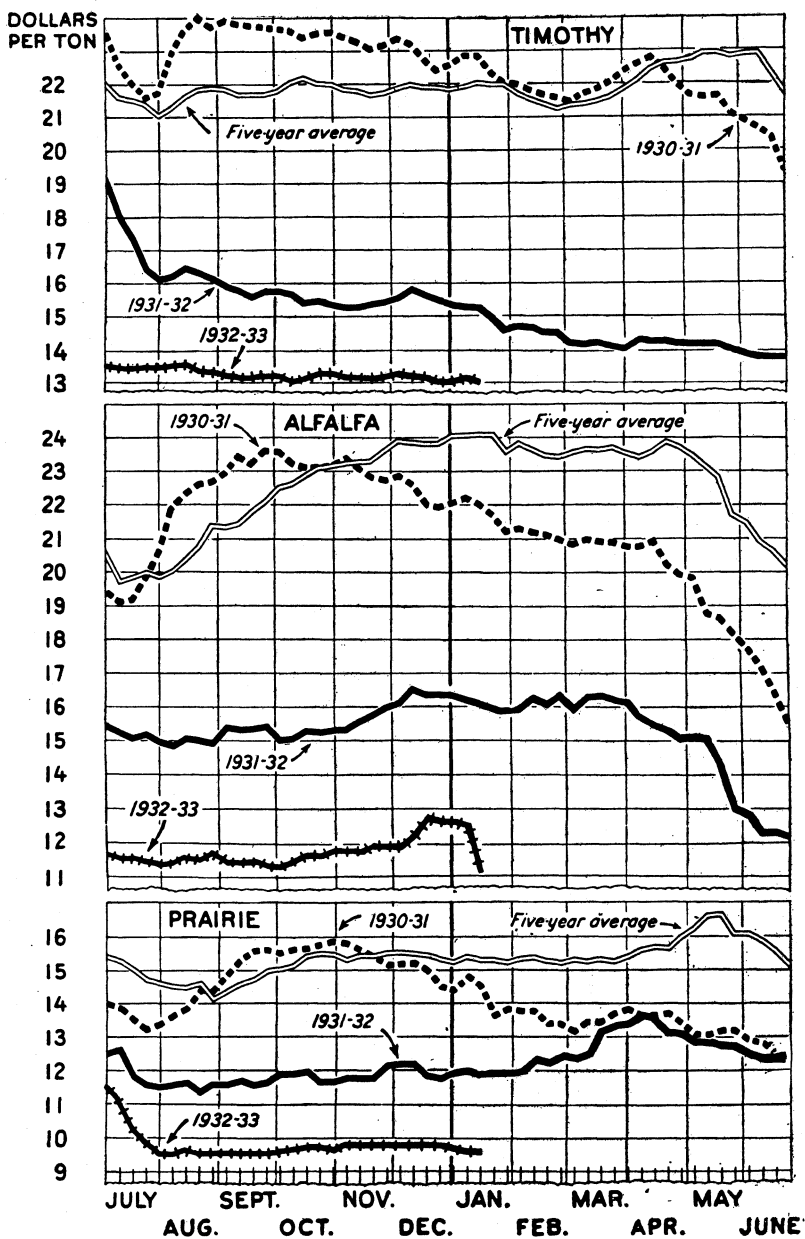


FIGURE 6.—Weekly average prices of hay at representative markets; 5-year average 1925-1929; average for 1930-31 season; average for 1931-32 season; and average for 1932-33 season

Prices may also differ at different markets within the same period, because of changing conditions of supply and demand. The producer and shipper must know these conditions in order to market their hay intelligently and to the best advantage. Knowledge of production and marketing in a single locality or market is not sufficient. Such knowledge must cover state-wide and nation-wide conditions. Through Federal and State departments of agriculture and trade organizations, such information is now available to practically any interested person.

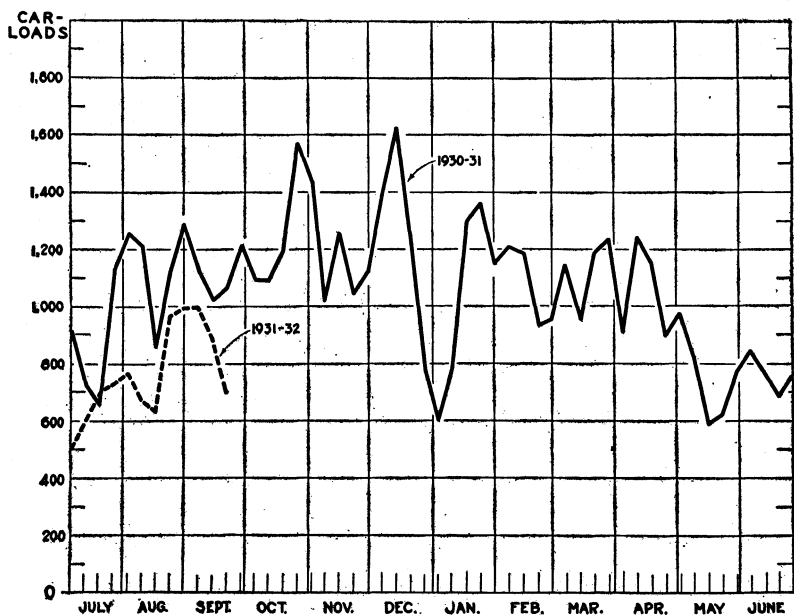


FIGURE 7.—Weekly receipts of hay at principal markets, 1930-31 and 1931-32

#### USING MARKET REPORTS

Trade organizations in many markets prepare daily reports containing statistics on receipts, shipments, and prices, as well as comprehensive reviews of the situation and the outlook in their particular markets. Such a report usually is available to all patrons of the market concerned, and should be used, although it applies in the main to one market only. Many State departments of agriculture issue periodical reports on the crop conditions and estimated productions of the various agricultural commodities within the State. Some of these departments, through their marketing bureaus, also issue regular market reports which deal with prices, supply, and demand, and the market situation of important agricultural products at the various markets within the State, and frequently at near-by distributing markets.

The Bureau of Agricultural Economics of the United States Department of Agriculture makes careful estimates of the production of the various classes of hay and publishes reports of these estimates regularly. Marketing specialists of the bureau, by means of regu-



lar reports from reliable and able correspondents throughout the country, study and analyze the market situation and prepare reports or reviews which are distributed by telegraph and telephone and in printed form. Many of these reports are available free of charge to those who need them. (Fig. 8.)

UNITED STATES DEPARTMENT OF AGRICULTURE  
BUREAU OF AGRICULTURAL ECONOMICS  
Hay, Feed and Seed Division  
MARKET NEWS SERVICE

Quarterly Hay Market Review

Washington, D.C., April 4, 1932.

ALFALFA AND PRAIRIE HAY SUPPLIES LIGHT - TIMOTHY STOCKS ABOVE LAST SEASON  
MARKET DEMAND RESTRICTED BY LOW PURCHASING POWER OF FARMERS

Remaining supplies of hay were the lightest for several years at the middle of March in areas west of the Mississippi River where alfalfa and prairie hay furnish the bulk of the market surplus, according to the Quarterly Hay Market Review of the United States Bureau of Agricultural Economics. In the eastern half of the coun:

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UNITED STATES DEPARTMENT OF AGRICULTURE  
BUREAU OF AGRICULTURAL ECONOMICS  
Hay, Feed and Seed Division  
MARKET NEWS SERVICE

Hay Market Review

Washington, D.C., April 6, 1932

TIMOTHY AND PRAIRIE HAY MARKETS GENERALLY STEADY  
ALFALFA STEADY TO LOWER

Timothy and prairie hay markets were mostly steady during the week ending April 7 while alfalfa prices generally ranged from steady to somewhat lower, according to the Weekly Hay Market Review of the United States Bureau of Agricultural Economics. The increased use of green feeds and pasturage in the South and on the Pacific Coast held demand for hay at a minimum while the increased use of pasturage farther to the northward restricted the use of hay in those areas.

Timothy quotations were mostly about steady at the close of the week with trading and movement of exceedingly small volume. Offerings were light and moved readily into consuming channels at firm prices at Boston. Demand was slow at the beginning of the week at New York City but increased slightly toward the close. Offerings were mostly of the No. 3 grade and contained considerable amounts of other grasses. Very little trading was reported at either Atlanta, Birmingham or Memphis but prices held about steady on light offerings. Demand was very disappointing at Cincinnati but prices held firm on small receipts. The

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HAY PRICES AT IMPORTANT MARKETS, PER TON, IN CARLOTS  
(Quotations based on U. S. Grades except where otherwise indicated)

June 16, 1932

	Alfalfa				Timothy		Clover		Upland Prairie	
	No. 1 Ex. Lb.	No. 1 Lb.	No. 2 Lb.	No. 2	No. 1	No. 2	No. 1	No. 2	No. 1	No. 2
Boston	\$	\$18.50	\$	\$	\$18.00	\$17.00	\$	\$	\$	\$
New York					18.00	16.00				
Pittsburgh (1)					12.50					
Chicago		20.00	18.00		15.00	9.00		11.50		
Memphis		12.00		8.00	12.00	9.00				
Cincinnati (1)		14.50		12.50	10.50	9.50		10.00		
Chicago		14.50		11.00	12.50	11.50		11.50		
Kansas		16.50		14.50	14.00	12.00				
St. Louis (1)		9.50	8.50		12.25			14.00	13.00	
St. Louis (2)		11.00						11.50		
St. Louis (3)		10.50						12.50		
Kansas City		12.50	9.75	9.25	9.50	8.00		9.50	8.00	
San Antonio		15.75	15.75		14.50					
San Antonio		15.75	15.75		14.50					
Los Angeles		13.00	11.00	10.75						
San Francisco		10.00								

1. Prices based on Trade Association Grades. 2. Prices based on Minnesota State Grades.

FIGURE 8.—Hay market reviews provide helpful information about market conditions

Production reports indicate the supply and, in many instances, also indicate probable demand. For example, a shipper, in the timothy-producing section of Michigan, knows that locally there is a large crop of hay and a large marketable surplus. Considering only the local situation, he would probably expect low prices. Upon examining the report on hay production issued by the United States

Department of Agriculture, however, he finds that there is a scarcity in the New England States, where usually there is a surplus or at least a supply sufficient for local needs. This situation immediately suggests a possible market for the Michigan surplus. Upon further study the shipper finds that there is a good local crop of hay in several of the Southern States to which he usually ships. He concludes, therefore, that his best market for this season will be in New England.

His next problem is to keep in close touch with the market situation as it develops. To do this he studies all available market reports on the situation in New England. The principal factors to be ascertained are the probable extent of the demand, supplies, and marketings in competing areas, and such other factors as weather conditions, local supplies, etc., which might influence the demand. Such information is now furnished through State and national marketing publications and through trade publications.

#### MAKING THE SHIPMENT

When the hay is ready for shipment it should be billed correctly and a carefully prepared invoice should immediately be forwarded to the consignee. The shipper should (1) follow in detail the billing instructions furnished by the consignee, naming route and delivery road when requested; (2) prepare the invoice carefully, giving car initial and number, date of shipment, number of bales, total weight of car, particular kind or grade of hay, and price when available; and (3) forward the bill of lading and invoice promptly.

#### PREPARING BILLS OF LADING

Bills of lading should show clearly the name of the person or firm to whom the hay is being shipped and the route, destination, car initial and number, kind of hay, number of bales, total weight, and name of shipper. Two kinds of uniform bills of lading are used by railroads—the “straight” bill of lading and the “order” bill of lading. The straight bill of lading is not negotiable and is simply an agreement between the shipper and the carrier, by which the latter agrees to accept, transport, and deliver the goods of the shipper to the consignee at a stated destination. Although the straight bill of lading imposes upon the carrier the same responsibility in the care of the shipment as does the order bill of lading, it does not afford the shipper equal protection, since it does not require any indorsement by the shipper and serves only to identify the consignee when he requests delivery of the goods. A hay shipper should use the straight bill of lading only when he has the greatest confidence in the integrity and financial responsibility of the consignee.

The order bill of lading is negotiable; that is, it is subject to indorsement by the shipper and others to whom the ownership may be passed by such indorsement. In addition, shipments on an order bill of lading will not be delivered to the consignee until the original bill of lading is surrendered or a bond is posted by the party to whom the shipment is billed. This requirement that the original bill of lading must be surrendered to the carrier by the consignee fully protects the shipper against irresponsible or dishonest buyers,

particularly if a draft covering the value of the shipment is attached to and forwarded with the bill of lading through banking channels for collection.

A shipper who wishes to draw sight or arrival draft against his shipment and who wants to prevent a buyer from obtaining possession of the hay until payment is made for it should use an order bill of lading. It is easily distinguishable from a straight bill of lading by its color; it is yellow and the straight bill of lading is white. Another distinguishing mark is found in the words "not negotiable" which appear only on the straight bills of lading.

Although the order bill of lading protects the shipper, it can also be so drawn as to impose no hardship upon the buyer. No careful buyer is willing to accept and pay for a shipment of hay without knowing that it is of the class and quality specified in his purchase agreement. Buyers therefore usually require that they be allowed to inspect the hay upon arrival or have it inspected by Federal, State, or commercial inspection agencies. Railroads require that the notation "Inspection allowed" be clearly shown on an order bill of lading before they will allow anyone to open the car for inspection purposes. Shippers should place this notation plainly upon all order bills of lading covering shipments which have been sold subject to inspection at destination and on other shipments when buyers request the privilege of inspecting the hay before paying the draft.

If the billing instructions furnished by the consignee are not clear, it is usually better to hold the shipment until satisfactory instructions are received than to take the chance of billing it incorrectly. When specific instructions for routing or delivery are given, they should be followed exactly, for in many cases a shipment arriving over a railroad other than that specified must be switched at considerable cost before delivery can be made at the desired location. In many markets hay shipments arriving in certain railroad yards do not sell so advantageously as does hay in other yards, because of unfavorable switching facilities or because of the distance of the yards from the buyers' warehouses. Commission merchants and dealers in the markets are familiar with these conditions and when possible they request billing that will not subject their shipments to such handicaps.

Buyers may also wish to reconsign their hay upon arrival or to change the billing while the car is in transit. If the hay is shipped on a railroad line from which they can not reconsign the shipment advantageously, they may suffer a considerable loss. This loss can be charged back to the shipper if he has not followed shipping instructions.

Under certain conditions shippers may be justified in not following the consignee's instructions. In certain instances unscrupulous buyers have attached to their billing instructions certain conditions which, when the shipper has affixed his signature and thus assented to them, have deprived him of the protection to which he was entitled. When a buyer furnishes unusual shipping instructions, the shipper should, before complying with them, make certain that they will not cause difficulties or losses. Unless the shipper is certain of the re-

liability and financial responsibility of the commission merchant or buyer, it should be his fixed rule to bill hay only upon an order bill of lading which will prevent the buyer from gaining possession of the hay until he has paid the shipper's draft, which should represent about 75 per cent of the value of the shipment. So far as protection is concerned, however, it makes no difference whether the draft is drawn "at sight" or "upon the arrival of the car" (p. 21).

When using an order bill of lading a shipper should not sign any agreement, whether stamped upon the bill of lading or attached to it, that will in any way decrease the protection it affords.

Figures 9 and 10 show bill-of-lading forms that are properly filled out.

#### FORWARDING BILLS OF LADING

When the bill of lading has been signed by the railroad agent it should be forwarded promptly to the consignee unless a draft is to be attached to it, in which case it should be placed in a bank for transmittal to the consignee at the earliest moment possible. When cars are shipped only a short distance, and especially when they are billed to shipper's order, the bank should be directed to forward the draft and bill of lading promptly, preferably direct to the consignee's bank, if known, or to another bank in his town. Otherwise the shipper's bank may follow the usual custom of sending the documents through the regular channel of corresponding banks, which may delay their delivery to the consignee until after the car of hay has arrived and has been placed on demurrage.

If a shipper has arranged with his bank to obtain an advance of funds on his shipment it is usually customary for him to draw a draft representing about 75 per cent of the value of the shipment and attach it to an order bill of lading. When these documents are presented to the shipper's banker, he will credit the shipper's account with the amount of the draft, and later will deduct any charges that may accrue in making collection. It is a good practice for the shipper to attach to the bill of lading an official inspection certificate, preferably a Federal inspection certificate. This evidence of quality will assist the banker in determining the value of the shipment and the amount of the advance upon the draft that he can allow the shipper. The certificate will also be of value if it becomes necessary to present a claim against the railroad for loss or damage to the hay while in transit.

If no funds are advanced, the shipper can protect himself by forwarding, for collection through a bank, an order bill of lading with a draft attached covering all or a considerable part of the value of the shipment. The railroad agent will not release the hay to the consignee until the bill of lading is presented, and this bill of lading can be obtained only by the payment of the draft accompanying it. The consignee must know the initial and number of the car if he wishes to inquire about its arrival or have the railroad trace the shipment if arrival is delayed.

Figures 11 to 15 show suggested forms for notice of consigned shipments, sight and arrival drafts, and invoices that will meet the needs of most shippers.



## USING SIGHT AND ARRIVAL DRAFTS

The use of a sight or an arrival draft (figs. 13 and 14) is largely a matter of custom. In some sections sight drafts are used principally and in others arrival drafts are preferred. In most instances it makes

9-15-29 200M sets D.B.

Form 414

Uniform Domestic Order Bill of Lading Adopted by Carriers in Official, Southern and Western Classification Territories, March 15, 1922

## UNIFORM ORDER BILL OF LADING

**UNIFORM ORDER BILL OF LADING**  
(PRESCRIBED BY THE INTERSTATE COMMERCE COMMISSION)

Shipper's No. 101

**ORIGINAL**

Agent's No. ....

## NORTHERN RAILWAY COMPANY

RECEIVED, subject to the classifications and tariffs in effect on the date of the issue of this Bill of Lading.

at Greenfield, Mo.

Jan. 15, 1932

from H. A. Shipper

the property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned, and destined as indicated below, which said company (the word company being understood throughout this contract as meaning an individual or corporation in possession of the property under the contract) agrees to carry to its usual place of delivery and destination, if on its own road or its own water line, otherwise to deliver to another carrier on the route to said destination. It is mutually agreed, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions not prohibited by law, whether printed or written, herein contained, including the conditions on back hereof, which are hereby agreed to by the shipper and accepted for himself and his assigns.

The surrender of this Original ORDER Bill of Lading properly indorsed shall be required before the delivery of the property. Inspection of property covered by this bill of lading will not be permitted unless provided by law or unless permission is indorsed on this original bill of lading or given in writing by the shipper.

Consigned to **ORDER OF** H. A. Shipper

P.O.Box 124, Greenfield, Mo.

Destination **St. Louis**

State of Mo. County of St. Louis

Notify U. R. Buyer

---

At St. Louis

State of Mo. County of St. Louis

Route Northern R. R.

Car Initial	S. P.
-------------	-------

Car No. 87653

S. L. - S. F.  
(Delivering carrier)

[illegible]

<sup>6</sup>If the shipment moves between two ports by a carrier by water, the law requires that the bill of lading shall state whether it is "carrier's or shipper's weight."

**Note.**—Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property.

The agreed or declared value of the property is hereby specifically stated by the shipper to be not exceeding

Per \_\_\_\_\_  
(The signature here acknowledges only the amount prepaid.)

## Charges Advanced

Charges Advanced

8

H. A. Shipper

### Shinner

### Agent

Per

R.m.

Per

Permanent post office address of shipper Greenfield, Mo.

**FIGURE 9.**—An “order” bill of lading

little difference to the shipper. Each form, in connection with an order bill of lading, protects the shipper because in either case the buyer can not obtain possession of the hay (except by executing a bond to the railroad) until he has paid the draft that has been attached to and forwarded with the bill of lading through the banks. The principal difference is in the cost to the shipper. Most banks



*El Centro Cal. Mar 20 1932.*

*Mr. Commission Merchant  
Los Angeles Cal.*

Dear Sir: I am consigning to you today for sale at the current market price... 3 cars of hay as follows:

CAR INITIAL	CAR NO.	SHIPPING POINT	ROUTE	NO. BALES	WEIGHT LBS.	KIND & GRADE	AMT. OF DRAFT
<i>Sou. Pac.</i>	<i>91375</i>	<i>El Centro</i>	<i>Sou. Pac.</i>	<i>285</i>	<i>25,600</i>	<i>U.S. No. 1 Alf.</i>	<i>\$100.00</i>
<i>Mo. Pac.</i>	<i>19692</i>	<i>Brawley</i>	<i>" "</i>	<i>290</i>	<i>26,100</i>	<i>U.S. No. 1 Alf.</i>	<i>110.00</i>
<i>U. P.</i>	<i>36789</i>	<i>Imperial</i>	<i>" "</i>	<i>300</i>	<i>27,000</i>	<i>U.S. No. 1 Alf.</i>	<i>125.00</i>

## INCLOSURES:

- ☒ Bale Tally Sheet.  
☒ Federal Inspection Certificate.

Very truly yours,

*A. Shippen*

FIGURE 11.—A consignment notice in which the shipper instructs the commission merchant to sell his hay at the current market price upon arrival of car

*H. Wayne, Ind., Mch. 15 1932*

*Mr. Commission Merchant  
Chicago, Ill.*

Dear Sir: I am consigning to you today for sale subject to my confirmation 2 cars of hay as follows:-

CAR INITIAL	CAR NO.	SHIPPING POINT	ROUTE	NO. BALES	WEIGHT LBS.	KIND & GRADE	AMT. OF DRAFT
<i>C &amp; NW</i>	<i>8365</i>	<i>Huntington Ind.</i>	<i>Gen. R.R.</i>	<i>260</i>	<i>24,000</i>	<i>U.S. No. 1 Tim.</i>	<i>\$100.00</i>
<i>Penn.</i>	<i>96134</i>	<i>Warsaw, Ind.</i>	<i>G. R. R.</i>	<i>280</i>	<i>26,000</i>	<i>U.S. No. 2 Tim.</i>	<i>85.00</i>

Very truly yours,

*U. R. Wright*

FIGURE 12.—Form of notice used when the shipper wishes the commission merchant to advise him concerning the price offered, before consummating the sale

\$ 100.00 ..... Ft. Wayne, Ind. March 15, 1932

At sight ..... PAY TO

THE ORDER OF First National Bank of Ft. Wayne

One hundred <sup>00</sup>/<sub>100</sub> ..... DOLLARS

VALUE RECEIVED AND CHARGE THE SAME TO ACCOUNT OF

TO Mr. C. Merchant } U. R. Wright

Chicago, Ill. }

CAR INITIAL C. Y. N. W. CAR NO. 8365

FIGURE 13.—A sight draft payable upon presentation

\$ 173.25 ..... Midland, Mo. Feb. 29, 1932

On arrival ..... PAY TO

THE ORDER OF The Traders National Bank of Midland, Mo.

One hundred twenty three <sup>25</sup>/<sub>100</sub> ..... DOLLARS

VALUE RECEIVED AND CHARGE THE SAME TO ACCOUNT OF

TO Consumers Hay Co. } The Producers Hay Co.

Memphis, Tenn. }

CAR INITIAL Mo. Pac. CAR NO. 29765

FIGURE 14.—Arrival draft payable upon the arrival of the car, and allowing the purchaser time to inspect the hay before making payment

THE PRODUCERS' HAY CO.  
SHIPPERS OF HAY  
MIDLAND, MISSOURI.

Sold to Consumers Hay Co. Feb. 29, 1932

Memphis, Tenn.

Car Initial Mo. Pac. Car No. 29765 Shipping point Midland Route I C

150	Bales	U. S. No. 1 Alfalfa (Brake end and delivery)			
		13500 lbs. @ \$24 per ton	\$162	00	
100	"	U. S. No. 2 Leafy Alfalfa			
		9000 lbs. @ \$22.50 per ton	101	25	
		Less Freight	263	25	
			90	00	
			173	25	
		Arrival Draft			\$173.25

WEIGHTS GUARANTEED TO WITHIN 1%

E. &amp; O. E.

INCLOSURES

☒ INSPECTION CERTIFICATE☐ WEIGHT CERTIFICATE☒ SALE TALLY SHEET

FIGURE 15.—A carefully prepared invoice showing car initial and numbers, weight, price, amount of draft, and other pertinent information

before paying for it. Authority from the shipper for such inspection, however, must be indorsed upon the bill of lading if an order billing is used. Unless the terms of sale have been made definitely "shipper's track," the buyer is really entitled to inspect the hay before making payment. This is largely a matter of agreement between the shipper and the buyer, however, and therefore should be made a part of the terms of sale.

When shipments are made on straight bills of lading, drafts frequently are not drawn. The shipper awaits the arrival and sale of the car; then a settlement in full, after freight and marketing charges have been deducted, is made by the buyer or commission merchant. When the shipper does not require the advance of funds that are obtainable by means of a draft, and is satisfied of the reliability and financial responsibility of the buyer, the straight billing of hay may be more desirable, as it eliminates the bank's charges for handling the draft and any expense for demurrage, etc., which may be caused by a delay in the arrival of the draft and bill of lading at the destination of the car.

Hay frequently gets out of condition and deteriorates so that the buyer does not feel justified or financially safe in paying the full amount of the draft as drawn. In such instances, if the hay has been shipped upon an order bill of lading and a draft has been drawn for 75 or 80 per cent of the value of the shipment, it is the usual practice for the buyer to request the shipper to reduce the draft. Whether the shipper should make such reductions depends largely upon the terms of sale. If the hay has been sold "delivered" or "destination" terms, it is the duty of the shipper to deliver hay of the quality and quantity specified and to make a proper allowance for any deterioration or loss in transit. It is important, however, that the shipper assure himself that such claims are just and reasonable.

In some instances dishonest purchasers have obtained reductions on drafts when the claimed loss or damage had not occurred. Shippers must first be certain that hay of the quality and quantity contracted for has been delivered and must have adequate proof of the fact.

Federal or other official inspection at destination will provide the shipper with definite information on the condition or quality of hay upon its arrival. When buyers request reductions in drafts or a discount from the contract price, shippers should immediately request proof in the form of an official inspection certificate and should ascertain therefrom the definite quality and grade of the hay upon its arrival before allowing discounts claimed by the buyers. If an official inspection service is available the necessary information can be obtained by telegraph from the inspection agency.

If no recognized inspection service is available and the shipper has reason to doubt the validity of the buyer's claim, some disinterested person or agency should be requested to pass upon the claim before it is allowed. Railroad station agents, officials, or representatives of trade organizations, and other dealers are some of the agencies that may be called upon by shippers for assistance in checking damage claims made by hay buyers.

When the shipper is satisfied that the reduction requested is fair and reasonable, he should reduce the draft with as little delay as

possible. This is done by instructing the shipper's bank to notify the corresponding bank at the destination of the car to accept the reduced amount in payment of the original draft. The shipper should not send instructions direct to the destination bank if the draft was originally deposited in the local bank, because the destination bank will make a reduction only upon authorization from its corresponding bank, which in this case is the shipper's.

If the shipper wishes to release the car to the buyer without the payment of the draft and to await settlement when the car is sold or unloaded, the procedure is the same as for reducing a draft.

#### MAKING THE INVOICE

When a car is consigned to a dealer in a distant market a letter to the dealer stating that a car of hay is being shipped is not enough information to enable him to arrange to the best advantage for its arrival and sale. Whether a car is consigned, sold f. o. b. shipper's track, or sold "to arrive," a carefully prepared invoice (fig. 15) should be sent to the consignee at the time the car is shipped. The invoice should show the car initial and number, date of shipment, and the kind and quality of hay, the number of bales, and the total weight. If two or more distinct kinds or grades have been loaded, the number of bales and the total weight of each kind or grade, and the location of each kind in the car, should be shown.

When a price per ton for the hay has been agreed upon on or before the date of shipment, this price, together with total value of the hay, should be shown on the invoice, also the amount of the draft and the balance due.

#### REBILLING CARS

Because of unsatisfactory market conditions or a dissatisfied customer, it frequently becomes advisable to reconsign hay after it has arrived at destination. The simplest method of reconsigning hay that has been shipped on an order bill of lading is to instruct the local bank at which the draft and bill of lading have been deposited to have both returned. The shipper can then take the original bill of lading, surrender it to the railroad agent, rebill the car to the new destination, and obtain a new bill of lading.

But if the car is at a distant point, the demurrage charges that would accrue while the bill of lading was being returned and a new one issued would grow large. To avoid these charges it is possible to arrange with the local railroad agent for the issuance of a new bill of lading before the first is returned. This is done by furnishing a bond for the protection of the railroad company against any claim based upon the first bill of lading that may arise before the bill of lading has been returned to the railroad agent and been canceled. Upon the execution of this bond the local agent will immediately telegraph to the agent at destination and instruct him to forward the shipment according to the new billing. Freight and other charges may be allowed to follow the shipment and may be paid at final destination. Shippers should avail themselves of this provision when it seems advantageous to reconsign a shipment.

## LOSS AND DAMAGE CLAIMS

However carefully shippers may weigh and load their hay, some losses due to accidents or carelessness on the part of the carriers or marketing agencies are sure to occur. When a shipper has agreed to deliver a certain quantity of hay of a certain quality, the buyer, of course, expects the hay to meet the conditions of the sale; or he expects to receive an allowance or reimbursement for any difference in value between the hay bought and that delivered. The shipper's only recourse then is to collect for the damage or loss from the agency responsible for it.

Some commission merchants maintain "traffic departments" which handle claims for their shippers. Trade organizations also maintain claim bureaus and will undertake to collect claims for members for a nominal sum or upon a commission basis. These agencies can be of great assistance to shippers. Some buyers make a practice of making claims upon the railroads for alleged losses when there is considerable doubt whether the losses were in any way caused by the negligence of the carriers. Such claims are usually disallowed by the railroads.

## PREPARATION OF SHIPPERS' CLAIMS

With the exception of intricate cases, which may require legal advice, most claims can be presented by the shippers as well as by any other party. If properly prepared, a claim presented by the shipper will be considered as promptly by the responsible agency as one presented by a dealer or trade representative.

Proofs of the loss or damage are necessary in the preparation of claims. Many railroads have special "overcharge" and "loss and damage" forms, which will be furnished upon request. The documents usually required to establish proof of claims are:

- (1) A copy of the original invoice and a copy of the bill of lading upon which the shipment was made.

- (2) The paid freight bill receipted by the railroad agent at destination.

- (3) In loss claims, sworn detailed statements of loading and unloading weights, showing the number of drafts in which hay was weighed both into and out of car and the bale count at both the time of loading and that of unloading.

- (4) In damage claims, official inspection certificates and reports on the physical conditions of the car at the time of loading and unloading. When official inspection certificates are not available sworn statements on the quality and condition of the hay when put into the car and when unloaded from the car are required.

Claims must be presented within six months of the time the loss or damage occurs. Unless shippers can establish proof of the loss or damage, as outlined here, it is doubtful whether the claims will be allowed by the carriers. Only about 50 per cent of the claims presented to carriers are paid, and this indicates that many of them lack the necessary proof or are improperly prepared. Shippers will save expense and trouble by not presenting claims that are inadequately supported or improperly prepared.



Buyers frequently make claims upon the shippers for losses, shrinkage, or errors in weight, and for discounts because of the inferior quality of a part or the whole of a carload. Legitimate claims should be paid promptly; but before making payment a shipper should require the buyer to furnish conclusive proof of the losses claimed.

Claims based upon a misunderstanding of terms of sale are usually more difficult than others to adjust. If such a claim can not be settled by friendly correspondence or by a personal visit from one party to the other, it is usually advantageous to both parties to submit the dispute to disinterested parties for arbitration and settlement.

Montz

ORGANIZATION OF THE UNITED STATES DEPARTMENT OF AGRICULTURE  
WHEN THIS PUBLICATION WAS LAST PRINTED

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